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United States Nuclear Regulatory Commission  
Cynthia A Carpenter, Director of the Office of Enforcement  
MS 04 A15A  
White Flint North  
11555 Rockville Pike  
Rockville, Maryland 20852

September 16, 2008

**Re: Chevron Environmental Management Company  
Confirmation of Compliance with Confirmatory Order  
Docket No. 040-08778, License No. SMB-1393  
EA-08-054**

Dear Ms. Carpenter:

Pursuant to the requirement contained in Section IV of the Confirmatory Order (CO) issued by the Nuclear Regulatory Commission (NRC) regarding Chevron Environmental Management Company (CEMC) on July 8, 2008, this correspondence constitutes CEMC's written notice that it has successfully fulfilled each of the six requirements contained in Section V of the CO. In compliance with the instructions contained in Section IV of the CO, the following paragraphs summarize the specific actions taken by CEMC to comply with each of the requirements in Section V of the CO.

Section V, Item One (1) of the CO required that by no later than thirty (30) days after the issuance of the CO, a member of CEMC's management responsible for the Washington, Pennsylvania site (Washington site) communicate, in writing, CEMC's policy and the expectations of management to the Washington site workforce regarding their rights to raise concerns without fear of retaliation. CEMC distributed a document to the Washington site workforce entitled "Memorandum from Chevron Environmental Management Company ("CEMC") Regarding Safety Protocol at Washington, PA Remediation Project" on July 16, 2008. The memorandum was from Mark Lafferty, CEMC's Deputy Project Owner, and it outlined, in detail, CEMC's policies regarding reporting safety concerns. The memorandum encouraged employees to report any potential violation or safety concern and stated that CEMC

will not retaliate against any worker who reports any potential safety violation or safety concern. The memorandum encouraged employees to report potential violations of compliance procedures and guidelines through CEMC's Anonymous Hotline and gave the hotline telephone number. The memorandum also listed three NRC telephone numbers, including the NRC's Region 1 telephone number, the NRC's "Safety Hotline" telephone number, and the 24-hour NRC Operations Center telephone number and stated that all employees have the right to report any potential violation or safety concern directly to the NRC.

Section V, Item Two (2) of the CO required that by no later than thirty (30) days after the issuance of the CO, CEMC would distribute a questionnaire to all employees at the Washington site to assess, in part, whether employees understand their rights to raise concerns and solicit their willingness to raise nuclear safety concerns, if any. CEMC prepared questionnaires and then distributed them to all site employees on July 16, 2008. Employees were encouraged to complete the questionnaires and were told that their responses were to be anonymous. Employees were instructed that the completed questionnaires should be placed in a secure, locked box that CEMC provided in the employee break room. The completed questionnaires were analyzed and then utilized in conjunction with follow-up supervisor training and employee training (See: Items Five and Six below).

Section V, Item Three (3) of the CO required that CEMC implement a new requirement of its contractors at the Washington site whereby contractors are required to confirm to CEMC, in writing, at the time any significant job action is being taken against a Washington site employee, that such action is not being implemented in retaliation for the employee raising safety-related concerns or in retaliation for filing a safety-related complaint either internally or externally, and to affirm that the job action is taken in compliance with 10 C.F.R. §40.7 "Employee Protection". CEMC prepared a document entitled "Memorandum from Chevron Environmental Management Company ("CEMC") Regarding Significant Job Actions Taken Against Employees Working at the Washington, PA Remediation Project" which mirrored the language in Item III of Section V of the CO in requiring contractors to provide written confirmation to CEMC at the time a significant job action is taken that it is not in retaliation for raising or filing a safety-related concern or complaint internally or externally and that it is taken in compliance with 10 C.F.R. §40.7. The memorandum was signed by Mark Lafferty, CEMC's Deputy Project Owner. CEMC's George Dawes, Assistant Project Manager and Radiation Safety Officer, then distributed the memorandum (along with a copy of 10 C.F.R. §40.7) and explained the newly-implemented requirement contained in the memorandum to each contractor at the Washington site on July 16, 2008.

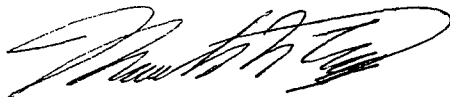
Section V, Item Four (4) of the CO required that no later than thirty (30) days after the issuance of the CO that CEMC enter into a written agreement with its contractors performing work at the Washington site that requires compliance with 10 C.F.R. §40.7. CEMC prepared a written agreement requiring compliance with 10 C.F.R. §40.7 and it was signed by CEMC's Mark Lafferty, Deputy Project Owner. On July 16, 2008, George Dawes, CEMC's Assistant Project Manager and Radiation Safety Officer, distributed the written agreement and explained it to each of the contractors at the Washington site. As of August 4, 2008 each contractor at the Washington site had signed the written agreement and returned a fully-executed copy to CEMC.

Section V, Item Five (5) of the CO required that no later than sixty (60) days after the issuance of the CO that CEMC provide training conducted by its counsel to all Washington site supervisory employees relating to 10 C.F.R. §40.7, "Employee Protection" and how to foster a safety conscious work environment. On August 13, 2008, Jeff Gordon, outside legal counsel for CEMC, conducted a training session at the Washington site for all of the Washington site's supervisory employees regarding 10 C.F.R. §40.7 and fostering a safety conscious work environment. Jeff Gordon's training included analysis of the responses contained in the previously-submitted employee questionnaires (See: Item 2) and Mr. Gordon tailored portions of his training to specifically address comments made by employees in the questionnaires.

Section V, Item Six (6) of the CO required that no later than seventy-five (75) days after the issuance of the CO that CEMC hold meetings with employees at the Washington site to emphasize the company's policy and management's expectation that employees can raise nuclear safety concerns without fear of retaliation. George Dawes, CEMC's Assistant Project Manager and Radiation Safety Officer, conducted the required meeting with employees on September 16, 2008, and at the meeting emphasized CEMC's policy and management's expectation that employees can raise nuclear safety concerns and any safety concerns without fear of retaliation.

As summarized above, CEMC has completed each of the requirements contained in the CO in a timely manner. Therefore, CEMC understands and believes it is in full compliance with the NRC's directives as stated in the CO. If the NRC has any questions or comments regarding CEMC's compliance with the CO, please advise.

Sincerely,



Mark Lafferty, Deputy Project Owner  
Washington PA Remediation Project  
Chevron Environmental Management Company

CC: Cedric Scott, Chevron  
Jeffrey R. Gordon, Thorp Reed & Armstrong, LLC  
Robert John, Chevron  
Eve Barron, Chevron